

Application for Multistate Voluntary Disclosure

Multistate Tax Commission

National Nexus Program

To apply for multi-state voluntary disclosure of sales/use tax¹ or income/franchise tax², please provide written answers to the questions below and return them to the National Nexus Program together with a letter requesting multi-state voluntary disclosure. Please list the states to which you wish to disclose and list the types of taxes that you wish to include in your disclosure offers.

The mailing address is National Nexus Program, Multistate Tax Commission, 444 North Capitol Street, Suite 425, Washington, DC 20001. Alternatively, you may fax them to 202-624-8819 or you may e-mail them to “nexus@mtc.gov”. Please note that e-mail is not a secure form of communication and that the National Nexus Program cannot guarantee that e-mail correspondence will not be intercepted by a third party before reaching the Multistate Tax Commission.

Please provide a separate sheet for each state if your answers vary by state. Alternatively, you may provide answers common to each state on one sheet and separate sheets for each state where answers vary. You may choose to not answer the questions below if the information solicited is not material to your case; all material information must be provided. You may add additional information or memoranda of law as you wish. Some questions are requested by only one state, as indicated below.

Please Provide Answers to the Following Questions:

1. Which taxes does the applicant wish to disclose and to which states (including the District of Columbia)? The Multistate Tax Commission assists with disclosures for sales/use and income/franchise taxes. The following tax types are also included: transaction privilege (Arizona), excise on sales (Hawaii), single business (Michigan), and business and occupation (Washington).
2. What is the *estimated* amount of tax, by tax type and tax year, to be paid to the state under the applicable voluntary disclosure agreement? How much, if any, of this amount represents sales/use tax collected but not remitted? These amounts need only be *approximate*. You may include the amounts for all disclosure states on a single sheet.
3. What is the applicant’s form of entity (e.g., C corp, Sub S, LLC, LLP, sole proprietorship)? If a pass-through entity (e.g., S Corp or LLP), please state number of shareholders, members, or partners.

¹ For Hawaii please substitute excise tax on sales for sales/use tax.

For Arizona please substitute transaction privilege tax.

² For Michigan please substitute single business tax for income/franchise tax.

For Washington please substitute business & occupation tax for income/franchise tax.

4. Has the form of entity or the Federal Employer Identification Number (FEIN) changed during the past four years?
5. What is the applicant's fiscal year-end? Has it changed within the past four years?
6. In which fiscal year did business activities begin in the states to which a voluntary disclosure offer is to be made?³ Estimate if the precise year is not known and note that the answer is an estimate.
7. Is the applicant a domiciliary or resident of, or organized under the laws of, any state to receive this voluntary disclosure application? If so, please indicate the state.
8. Has the applicant ever registered for or paid any tax of any state to which this voluntary disclosure will be made? If so, please indicate the years and types of tax for each such state.
9. What are the applicant's business activities? Example: "A manufacturer of tangible personal property that sells primarily to contractors who incorporate the material into buildings and landscape designs." Please provide as comprehensive an answer to this question as you feel is necessary to give the state the information it needs to make a decision; provide as much detail as possible without compromising anonymity.
10. Is the applicant an owner, lessor, or lessee of property in the state? Please describe generally. Include both real property, personal property, and intellectual property (e.g., trademarks or patents used in-state).
11. Does the applicant maintain personnel in the state, whether employees, independent contractors, or other representatives? Please generally describe their activities, their approximate amount of time spent in the state, and their relationship to the applicant, if not previously described.
12. If the applicant makes sales to customers in the state, please indicate the *approximate* number of sales per year for the last three years and the *approximate* average value of each sale. It is not necessary to provide more than a general approximation. For purposes of this question, you may use a calendar year, a tax year, a fiscal year, a year based on the look-back date of this Agreement, or any other year so long as you identify the period that you choose to use. [Utah only]
13. In what other activities does the applicant engage that potentially give rise to nexus?
14. Has the applicant been contacted by the state or the Multistate Tax Commission regarding its potential liability for the type of tax that is the subject of this voluntary disclosure application? If so, please state the approximate date and nature of contact (e.g., nexus questionnaire, telephone call, audit). This is material information.

³ The answer to this question will not be construed to be an admission of nexus.

15. What facts give rise to this offer to enter into voluntary disclosure? Please include any facts relative to whether the failure to register, file or remit was due to reasonable cause and not due to negligence, intentional disregard of the law, or fraud. Examples include past reliance on erroneous professional advice, acquisition of a non-compliant entity, expansion of business activities, and change in ownership.
16. Please provide an estimate of the amount of tax liability prior to the look-back period that the state would waive. For example, if the voluntary disclosure contract requires payment of three years back tax and the applicant has had business activity in the state for nine years, then the state would waive six years of tax. This amount may be a rough approximation.
17. If the applicant does not propose to settle both sales/use⁴ and income/franchise⁵ tax obligations, what is the reason that a type of tax is excluded? Possible reasons include application of Public Law 86-272 or making only sales exempt from sales/use tax.
18. Does this voluntary disclosure offer result from a letter of inquiry that the Multistate Tax Commission sent to you regarding your tax-related activities in certain states? If so, please indicate the DE number, which you will find in a box on the right-hand, top portion of the letter of inquiry.
19. To assist the MTC in making its voluntary disclosure services available to as many potential taxpayers as possible, it would be helpful to know how you came to know of the Multistate Tax Commission's voluntary disclosure program.

Please feel free to bring any questions or concerns regarding this application to the attention of the National Nexus Program at (202) 508-3800 or nexus@mtc.gov

(Revised 11-25-02)

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